

-1960

The American Association of University Women in West Virginia has this to say:

As a result of Federal appropriations under the Library Services Act, library facilities have been made available to many more areas in West Virginia and our per capita expenditures for such services has increased from 26 cents in 1956 to 45 cents in 1959. The West Virginia division feels strongly that extending the authorization for appropriations under this act is essential to maintain and even further increase library service which can be rendered in West Virginia.

From the American Association of University Women in my own State of Oregon comes this plea:

The American Association of University Women Oregon Division urge you to vote "yes" on the Library Services Act extension. Many rural areas and smaller towns in Oregon need this help in establishing library services for our citizens.

While this bill is largely for library service in rural areas, it also has the support of the people in the larger cities who know the value of such facilities.

From the city of New York, the secretary of the board of trustees of the Brooklyn Public Library, has this to say:

Brooklyn is not a rural area and our borough will receive no benefit from the Act, but we believe its enactment is of great importance to the country at large.

From Eloise Ebert, Oregon State librarian, comes this statement:

There is no doubt but that this program has had terrific impact in the areas where projects have been held and where a grant has been offered. The educational value of this program has made more people aware of library needs than anything that has happened in years.

Mr. Speaker, I know of no Federal program that offers so much to the American people for so little in dollars expended. I urge that this bill be passed and that the full appropriation be made for each of the next 5 years so that the libraries and the library services can be further expanded in the rural areas of this great country.

Mr. McGOVERN. Mr. Speaker, I rise in support of the legislation before us which would extend for 5 years the Library Services Act. As one of the co-sponsors of this bill I am convinced that its passage is in the best interest of the American people.

First enacted in 1956, the Library Services Act was designed to assist the States in furnishing improved library service for rural areas. In many States, including South Dakota, there existed an acute shortage of library service for smaller towns and sparsely settled rural sections.

By encouraging the purchase and operation of bookmobiles and other library services to these areas, the Library Services Act has proved to be an invaluable program for rural America. An enlightened citizenry is our best defense against communism and the surest foundation for a better America. Good books contribute mightily to the enrichment and the enjoyment of the citizens, young and old, who determine the richness and strength of our Nation.

I strongly urge my colleagues to approve the legislation before us and thus insure for another 5 years the operation and improvement of the Library Service Act which has already contributed so much to my own State and to the country as a whole.

#### THE LATE FRANK J. DOWD

(Mr. O'HARA of Illinois asked and was given permission to extend his remarks at this point in the Record.)

Mr. O'HARA of Illinois. Mr. Speaker, my home city of Chicago and my home State of Illinois, and indeed all of these United States, have suffered a great loss in the passing at the early age of 63 of Frank J. Dowd, one of the ablest lawyers that ever practiced in the courts of Illinois and as fine a gentleman as ever I have known. Frank Dowd was my close and beloved friend. He had a heart of gold and a brain of matchless brilliance. I have known and have counted among my friends many lawyers and jurists of preeminent ability but I have never known a member of the legal profession that in my opinion had a more profound knowledge of the law or a keener analytical brain than Frank Dowd. He was one of the truly great men of the period of my lifetime.

To his wife Virginia, to his three fine daughters and his son, and to his eight grandchildren, members of a family closely knit in affection, goes my warmest sympathy.

(Mr. McCORMACK asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. McCORMACK addressed the House. His remarks will appear hereafter in the Appendix.

#### FOREIGN SERVICE ACT AMENDMENTS OF 1960

Mr. HAYS. Mr. Speaker, I move to suspend the rules and pass the bill (S. 2633) to amend the Foreign Service Act of 1946, as amended, and for other purposes.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Service Act Amendments of 1960."*

Sec. 2. Section 416 of the Foreign Service Act of 1946, as amended, is amended to read as follows:

"SEC. 416. (a) A person appointed as a staff officer or employee shall receive basic salary at one of the rates of the class to which he is appointed which the Secretary shall, taking into account his qualifications and experience and the needs of the Service, determine to be appropriate for him to receive.

"(b) Whenever the Secretary determines that the needs of the Service warrant the appointment of staff officers or employees in a particular occupational group uniformly at a rate above the minimum rate of the applicable class, he may adjust the basic salary of any staff officer or employee in the same class and occupational group who is receiving less than such established rate."

Sec. 3. Section 417 of such Act is amended by striking out "(b)" in the first sentence.

Sec. 4. Section 431 of such Act is amended by striking out in the first sentence of paragraph (a) the phrase "the termination of time spent on authorized leave, whichever shall be later," and inserting in lieu thereof the phrase "upon termination of his service in accordance with the provisions of paragraph (b) of this section,"; and by amending paragraph (b) of this section to read as follows:

"(b) The official services of a chief of mission shall not be deemed terminated by the appointment of a successor but shall continue until he has relinquished charge of the mission and for such additional period as may be determined by the Secretary, but in no case shall such additional period exceed fifty days, including time spent in transit. During such period the Secretary may require him to render such services as he may deem necessary in the interests of the Government."

Sec. 5. Section 441 of such Act and the heading to such section are amended to read as follows:

#### "CLASSIFICATION OF POSITIONS IN THE FOREIGN SERVICE AND IN THE DEPARTMENT"

"SEC. 441. (a) Under such regulations as he may prescribe, and in order to facilitate effective management, the Secretary shall classify all positions in the Service at posts abroad, excluding positions to be occupied by chiefs of mission, and in the case of those occupied by Foreign Service officers, Reserve officers, and staff officers and employees, he shall establish such positions in relation to the classes established by sections 412, 414, and 415, respectively. Positions occupied by alien employees and consular agents, respectively, shall be allocated to such classes as the Secretary may establish by regulation.

"(b) Under such regulations as he may prescribe, the Secretary may, notwithstanding the provisions of the Classification Act of 1949, as amended (5 U.S.C. 1071 and the following), classify positions in or under the Department which he designates as Foreign Service Officer positions to be occupied by officers and employees of the Service, and establish such positions in relation to the classes established by sections 412, 414, and 415."

Sec. 6. Section 444 of such Act and the heading to such section are amended to read as follows:

#### "COMPENSATION PLANS FOR ALIEN EMPLOYEES"

"SEC. 444. (a) The Secretary shall, in accordance with such regulations as he may prescribe, establish compensation plans for alien employees of the Service: *Provided*, That such compensation plans shall be based upon prevailing wage rates and compensation practices for corresponding types of positions in the locality, to the extent consistent with the public interest.

"(b) For the purpose of performing functions abroad, other Government agencies are authorized to administer alien employee programs in accordance with the applicable provisions of this Act."

Sec. 7. Title V of such Act is amended by adding at the beginning thereof the following new section:

#### "POLICY"

"SEC. 500. It is the policy of the Congress that chiefs of mission and Foreign Service officers appointed or assigned to serve the United States in foreign countries shall have, to the maximum practicable extent, among their qualifications, a useful knowledge of the principal language or dialect of the country in which they are to serve, and knowledge and understanding of the history, the culture, the economic and political institutions, and the interests of such country and its people."

August 22

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## CONGRESSIONAL RECORD — HOUSE

SEC. 8. (a) The heading to section 516 of such Act is amended to read as follows: "ADMISSION TO CLASS 7 OR 8".

(b) Section 516 of such Act is amended by striking out "Sec. 516." and inserting in lieu thereof "Sec. 516. (a)" and by adding at the end thereof a new paragraph (b) which shall read as follows:

"(b) The Secretary may furnish the President with the names of those persons who have passed such examinations and are eligible for appointment as Foreign Service officers of class 8, whom he recommends for appointment directly to class 7 when in his opinion, their age, experience, or other qualifications make such an appointment appropriate."

SEC. 9. (a) Section 517 of such Act is amended by striking out the words "A person who has not served in class 8" which appear at the beginning of the first sentence, and inserting in place thereof the following: "A person who has not been appointed as a Foreign Service officer in accordance with section 516 of this Act".

(b) Section 517 of such Act is further amended by striking out the second and third sentences of such section.

SEC. 10. (a) The heading to section 520 of such Act is amended by striking out the phrase "REINSTATEMENT AND RECALL" and substituting in lieu thereof the phrase "REAPPOINTMENT, RECALL, OR REEMPLOYMENT".

(b) The first sentence of paragraph (a) of section 520 of such Act is amended by inserting a period after the word "Service" where it appears for the third time, and by striking out the remainder of that sentence.

(c) Paragraph (b) of section 520 of such Act is amended to read as follows:

"(b) The Secretary may recall any retired Foreign Service officer temporarily to duty in the Service whenever he shall determine such recall is in the public interest."

(d) Section 520 of such Act is further amended by adding at the end thereof a new paragraph (c) which shall read as follows:

"(c) Notwithstanding the provisions of title 5, United States Code, section 62, and title 5, United States Code, section 715a, a Foreign Service officer heretofore or hereafter retired under the provisions of section 631 or 632 or a Foreign Service staff officer or employee hereafter retired under the provisions of section 803 shall not, by reason of his retired status, be barred from employment in Federal Government service in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer."

SEC. 11. Section 528 of such Act is amended by striking out in the second sentence of such section the phrase "subsection (d), section 7, of the Classification Act of 1923" and substituting in lieu thereof the phrase "the Classification Act of 1949".

SEC. 12. Section 531 of such Act is amended to read as follows:

"Sec. 531. The Secretary may, under such regulations as he may prescribe, appoint staff officers and employees on the basis of qualifications and experience. The Secretary may make provisions for temporary, limited, and such other types of appointment as he may deem necessary. He is authorized to establish appropriate probationary periods during which newly appointed staff officers or employees, other than those appointed for temporary or limited services, shall be required to serve. The Secretary may terminate at any time, without regard to the provisions of section 651 or 652, or the provisions of any other law, the services of staff officers or employees appointed for temporary or limited service and of other staff officers or employees who occupy probationary status."

SEC. 13. Section 532 of such Act is amended to read as follows:

"Sec. 532. Under such regulations as he may prescribe, the Secretary may assign a staff officer or employee to any post or he may

assign him to serve in any position in which he is eligible to serve under the terms of this or any other Act. A staff officer or employee may be transferred from one post to another by order of the Secretary as the interests of the Service may require."

SEC. 14. (a) Section 571 of such Act is amended by striking out paragraphs (a), (b), (c), and (d), and the heading to such section and inserting in lieu thereof the following:

"ASSIGNMENTS TO ANY GOVERNMENT AGENCY OR INTERNATIONAL ORGANIZATION

"SEC. 571. (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty in any Government agency, or in any international organization, international commission, or international body, such an assignment or combination of assignments to be for a period of not more than four years, except that under special circumstances the Secretary may extend this four-year period for not more than four additional years.

"(b) If a Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, or by the President alone, to a position in any Government agency, any United States delegation or mission to any international organization, in any international commission, or in any international body, the period of his service in such capacity shall be construed as constituting an assignment within the meaning of paragraph (a) of this section and such person shall not, by virtue of the acceptance of such an assignment, lose his status as a Foreign Service officer. Service in such a position shall not, however, be subject to the limitations concerning the duration of an assignment contained in that paragraph.

"(c) If the basic minimum salary of the position to which an officer or employee of the Service is assigned pursuant to the terms of this section is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee shall, during the period such difference in salary exists, receive the salary and allowances of the position in which he is serving in lieu of his salary and allowances as an officer or employee of the Service. Any salary paid under the provisions of this section shall be the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII. No officer or employee of the Service who, subsequent to the date of enactment of the Foreign Service Act Amendments of 1960, is assigned to, or who, after June 30, 1961, occupies a position in the Department that is designated as a Foreign Service officer position, shall be entitled to receive a salary differential under the provisions of this paragraph."

(b) Paragraph (c) of section 571 of such Act is amended by striking the phrase "with heads of Government agencies" where it appears in the second sentence and by redesignating the paragraph as "(d)".

SEC. 15. Section 575 of such Act is amended by striking out all after the word "accordance" and inserting in lieu thereof the phrase "with the appropriate provisions of titles III and IX of Public Law 402, Eightieth Congress (62 Stat. 7 and 13; 22 U.S.C. 1451-1453, 1478 and 1479)."

SEC. 16. Title V of such Act is further amended by adding at the end thereof the following new section:

"FOREIGN LANGUAGE KNOWLEDGE PREREQUISITE TO ASSIGNMENT

"SEC. 578. The Secretary shall determine annually the number of Foreign Service officer positions in a foreign country which shall be occupied only by an incumbent who has a useful knowledge of a language or dialect commonly used in such country. After December 31, 1963, the prescribed quota of language officers shall be maintained for each

country: *Provided*, That the Secretary may make exceptions to this policy when special or emergency conditions exist. The Secretary shall establish foreign language standards for assignment abroad of officers and employees of the Service, and shall arrange for appropriate language training of such officers and employees at the Foreign Service Institute or elsewhere."

SEC. 17. Section 625 of such Act and the heading of such section are amended to read as follows:

"WITHIN-CLASS SALARY INCREASES OF FOREIGN SERVICE OFFICERS AND RESERVE OFFICERS

"SEC. 625. Any Foreign Service officer or any Reserve officer, whose services meet the standards required for the efficient conduct of the work of the Service and who shall have been in a given class for a continuous period of nine months or more, shall, on the first day of each fiscal year, receive an increase in salary to the next higher rate for the class in which he is serving. Without regard to any other law, the Secretary is authorized to grant to any such officer additional increases in salary, within the salary range established for the class in which he is serving, based upon especially meritorious service."

SEC. 18. Title VI of such Act is amended by inserting after section 625 the following new section and the heading thereto:

"RELATIONSHIP BETWEEN PROMOTIONS AND FUNCTIONAL AND GEOGRAPHIC AREA SPECIALIZATION

"SEC. 626. The achievement of the objectives of this Act requires increasing numbers of Foreign Service officers to acquire functional and geographic area specializations and to pursue such specializations for a substantial part of their careers. Such specialization shall not in any way inhibit or prejudice the orderly advancement through class I of any such officer in the Foreign Service."

SEC. 19. The heading "PART D—SEPARATION OF FOREIGN SERVICE OFFICERS FROM THE SERVICE" under title VI of such Act is amended to read as follows: "PART D—SEPARATION OF OFFICERS AND EMPLOYEES FROM THE SERVICE".

SEC. 20. Section 631 of such Act and the heading to such section are amended to read as follows:

"FOREIGN SERVICE OFFICERS WHO ARE CAREER AMBASSADORS OR CAREER MINISTERS

"SEC. 631. Any Foreign Service officer who is a career ambassador or a career minister, other than one occupying a position as chief of mission or any other position to which he has been appointed by the President, by and with the advice and consent of the Senate, shall upon reaching the age of sixty-five, be retired from the Service and receive retirement benefits in accordance with the provisions of section 821, but whenever the Secretary shall determine it to be in the public interest, he may extend such an officer's service."

SEC. 21. Section 632 of such Act and the heading to such section are amended to read as follows:

"PARTICIPANTS IN THE FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM WHO ARE NOT CAREER AMBASSADORS OR CAREER MINISTERS

"SEC. 632. Any participant in the Foreign Service Retirement and Disability System, other than one occupying a position as chief of mission or any other position to which he has been appointed by the President, by and with the advice and consent of the Senate, who is not a career ambassador or a career minister, shall, upon reaching the age of sixty, be retired from the Service and receive retirement benefits in accordance with the provisions of section 821; but, whenever the Secretary shall determine it to be in the public interest, he may extend such participant's service for a period not to exceed five years."

SEC. 22. Subparagraphs (1) and (2) of paragraph (b) of section 634 of such Act are amended to read as follows:

"(1) one-twelfth of a year's salary at his then current salary rate for each year of service and proportionately for a fraction of a year, but not exceeding a total of one year's salary at his then current salary rate, payable without interest, from the Foreign Service Retirement and Disability Fund, in three equal installments on the 1st day of January following the officer's retirement and on the two anniversaries of this date immediately following: *Provided*, That, in special cases, the Secretary may in his discretion accelerate or combine the installments; and

"(2) a refund of the contributions made to the Foreign Service Retirement and Disability Fund, with interest as provided in section 841(a), except that in lieu of such refund such officer, if he has at least five years of service credit toward retirement under the Foreign Service Retirement and Disability System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a), may elect to receive retirement benefits on reaching the age of sixty in accordance with the provisions of section 821. In the event that an officer who was separated from class 4 or 5 and who has elected to receive retirement benefits dies before reaching the age of sixty, his death shall be considered a death in service within the meaning of section 832. In the event that an officer who was separated from class 6 or 7 and who has elected to receive retirement benefits dies before reaching the age of sixty, the total amount of his contributions made to the Foreign Service Retirement and Disability Fund, with interest as provided in section 841(a), shall be paid in accordance with the provisions of section 841(b)."

SEC. 23. Section 635 of such Act and the heading to such section are amended to read as follows:

"FOREIGN SERVICE OFFICERS RETIRED FROM CLASS 7 OR 8

"SEC. 635. Any Foreign Service officer in class 7 who is appointed under the provisions of section 516(b) and any Foreign Service officer in class 8 shall occupy probationary status. The Secretary may terminate his service at any time."

SEC. 24. Section 636 of such Act is amended by striking out the phrase "Any Foreign Service officer" and inserting in lieu thereof the phrase "Any participant in the Foreign Service Retirement and Disability System".

SEC. 25. Section 641 of such Act is amended to read as follows:

"SEC. 641. All promotions of staff officers and employees to a higher class shall be made at a higher salary on the basis of performance and merit in accordance with such regulations as the Secretary may prescribe."

SEC. 26. Section 642 of such Act and the heading thereto are amended to read as follows:

"WITHIN CLASS AND LONGEVITY SALARY INCREASES

"SEC. 642. (a) Under such regulations as the Secretary may prescribe, any staff officer or employee whose services meet the standards required for the efficient conduct of the work of the Service shall receive an increase in salary at periodic intervals to the next higher salary rate for the class in which he is serving. Without regard to any other law the Secretary is authorized to grant any such officer or employee additional increases in salary within the salary range established for the class in which he is serving, based upon specially meritorious service.

"(b) Under such regulations as the Secretary may prescribe, any staff officer or employee who has attained the maximum salary rate prescribed by section 415 for the class in which he is serving may be granted from

time to time an additional salary increase beyond the maximum salary rate for his class in recognition of longevity or proficiency in the Service. Each such salary increase shall be equal to the maximum salary rate increase of the applicable class and no person shall receive more than four such salary increases while serving in the same class."

SEC. 27. Section 701 of such Act is amended by adding at the end thereof the following: "The Secretary may also provide to the extent that space is available therefor appropriate orientation and language training to spouses of officers and employees of the Government in anticipation of the assignment abroad of such officers and employees. Other agencies of the Government shall wherever practicable avoid duplicating the facilities of the Institute and the training provided by the Secretary at the Institute or elsewhere."

SEC. 28. (a) Paragraph (a) of section 704 of such Act is amended by striking out "1923" in the two places where it appears and inserting in lieu thereof "1949".

(b) Section 704 of such Act is amended by adding at the end of such section a new paragraph (e) which shall read as follows:

"(e) The Secretary may, under such regulations as he may prescribe, in the absence of suitably qualified United States citizens, employ persons who are not citizens of the United States by appointment to the staff of the Institute either on a full- or part-time basis or by contract for services in the United States or abroad at rates not in excess of those provided by the Classification Act of 1949, as amended (5 U.S.C. 1071)."

SEC. 29. (a) Section 803(b) (2) of such Act is amended to read as follows—

"(2) have paid into the Fund a special contribution for each year of such service in accordance with the provisions of section 852(b)."

(b) Section 803 is further amended by adding at the end thereof a new paragraph (c) which shall read as follows:

"(c) (1) In accordance with such regulations as the President may prescribe, any Foreign Service staff officer or employee appointed by the Secretary of State who has completed at least ten years of continuous service in the Department's Foreign Service, exclusive of military service, shall become a participant in the System and shall make a special contribution to the Fund in accordance with the provisions of section 852.

"(2) Any such officer or employee who, under the provisions of paragraph (c) (1) of this section, becomes a participant in the System, shall be mandatorily retired for age during the first year after the effective date of this paragraph if he attains age sixty-four or if he is over age sixty-four; during the second year at age sixty-three; during the third year at age sixty-two; during the fourth year at age sixty-one, and thereafter at age sixty.

"(3) Any officer or employee who becomes a participant in the System under the provisions of paragraph (c) (1) of this section who is age fifty-seven or over on the effective date of this paragraph, may retire voluntarily at any time before mandatory retirement under paragraph (c) (2) of this section and receive retirement benefits under section 821."

SEC. 30. Section 804 of such Act is amended to read as follows:

"SEC. 804. (a) Annuitants shall be persons who are receiving annuities from the Fund and all persons, including surviving wives and husbands, widows, dependent widowers, children and beneficiaries of participants or annuitants who shall become entitled to receive annuities in accordance with the provisions of this Act, as amended, or in accordance with the provisions of section 5 of the Act of May 1, 1956 (70 Stat. 125).

"(b) When used in this title the term—

"(1) 'Widow' means the surviving wife of a participant who was married to such par-

ticipant for at least two years immediately preceding his death or is the mother of issue by such marriage.

"(2) 'Dependent widower' means the surviving husband of a participant who was married to such participant for at least two years immediately preceding her death or is the father of issue by such marriage, and who is incapable of self-support by reason of mental or physical disability, and who received more than one-half of his support from such participant.

"(3) 'Child' means an unmarried child, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support. In addition to the offspring of the participant and his or her spouse the term includes (a) an adopted child, and (b) a step-child or recognized natural child who received more than one-half of his support from the participant."

SEC. 31. Section 811 of such Act is amended to read as follows:

"SEC. 811. (a) Six and one-half per centum of the basic salary received by each participant shall be contributed to the Fund for the payment of annuities, cash benefits, refunds, and allowances. An equal sum shall also be contributed from the respective appropriation or fund which is used for payment of his salary. The amounts deducted and withheld from basic salary together with the amounts so contributed from the appropriation or fund, shall be deposited by the Department of State in the Treasury of the United States to the credit of the Fund.

"(b) Each participant shall be deemed to consent and agree to such deductions from basic salary, and payment less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services during the period covered by such payment, except the right to the benefits to which he shall be entitled under this Act, notwithstanding any law, rule, or regulation affecting the individual's salary."

SEC. 32. (a) Paragraphs (a), (b), and (c) of section 821 of such Act are amended to read as follows:

"SEC. 821. (a) The annuity of a participant shall be equal to 2 per centum of his average basic salary for the highest five consecutive years of service, for which full contributions have been made to the Fund, multiplied by the number of years, not exceeding thirty-five, of service credit obtained in accordance with the provisions of sections 851, 852, and 853. However, the highest five years of service for which full contributions have been made to the Fund shall be used in computing the annuity of any participant who serves as chief of mission and whose continuity of service as such is interrupted prior to retirement by appointment or assignment to any other position determined by the Secretary to be of comparable importance. In determining the aggregate period of service upon which the annuity is to be based, the fractional part of a month, if any, shall not be counted.

"(b) At the time of retirement, any married participant may elect to receive a reduced annuity and to provide for an annuity payable to his wife or her husband, commencing on the date following such participant's death and terminating upon the death of such surviving wife or husband. The annuity payable to the surviving wife or husband after such participant's death shall be 50 per centum of the amount of the participant's annuity computed as prescribed in paragraph (a) of this section, up to the full amount of such annuity specified by him as the base for the survivor benefits. The annuity of the participant making such election shall be reduced by 2½ per centum of any amount up to \$2,400 he specifies as the base for the survivor benefit plus 10 per

centum of any amount over \$2,400 so specified.

"(c) (1) If an annuitant dies and is survived by a wife or husband and by a child or children, in addition to the annuity payable to the surviving wife or husband, there shall be paid to or on behalf of each child an annuity equal to the smallest of: (i) 40 per centum of the annuitant's average basic salary, as determined under paragraph (a) of this section, divided by the number of children; (ii) \$600; or (iii) \$1,800 divided by the number of children.

"(2) If an annuitant dies and is not survived by a wife or husband but by a child or children, each surviving child shall be paid an annuity equal to the smallest of: (i) 50 per centum of the annuitant's average basic salary, as determined under paragraph (a) of this section, divided by the number of children; (ii) \$720; or (iii) \$2,160 divided by the number of children."

(b) Section 821 of such Act is further amended by adding new paragraphs (d), (e), and (f) which shall read as follows:

"(d) If a surviving wife or husband dies or the annuity of a child is terminated, the annuities of any remaining children shall be recomputed and paid as though such wife, husband, or child had not survived the participant.

"(e) The annuity payable to a child under paragraph (c) or (d) of this section shall begin on the first day of the next month after the participant dies and such annuity or any right thereto shall be terminated upon death, marriage, or attainment of the age of eighteen years, except that, if a child is incapable of self-support by reason of mental or physical disability, the annuity shall be terminated only when such child dies, marries, or recovers from such disability.

"(f) At the time of retirement an unmarried participant may elect to receive a reduced annuity and to provide for an annuity equal to 50 per centum of the reduced annuity payable after his or her death to a beneficiary whose name shall be designated in writing to the Secretary. The annuity payable to a participant making such election shall be reduced by 10 per centum of an annuity computed as provided in paragraph (a) of this section and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the retiring participant, but such total reduction shall not exceed 40 per centum. No such election of a reduced annuity payable to a beneficiary shall be valid until the participant shall have satisfactorily passed a physical examination as prescribed by the Secretary. The annuity payable to a beneficiary under the provisions of this paragraph shall begin on the first day of the next month after the participant dies. Upon the death of the surviving beneficiary all payments shall cease and no further annuity payments authorized under this paragraph shall be due or payable."

Sec. 33. (a) Paragraphs (a), (b), and (c) of section 831 of such Act are amended to read as follows:

"(a) Any participant who has five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with provisions of section 851 or 852(a) (2), and who becomes totally disabled or incapacitated for useful and efficient service by reason of disease, illness, or injury not due to vicious habits, intemperance, or willful misconduct on his part, shall, upon his own application or upon order of the Secretary, be retired on an annuity computed as prescribed in section 821. If the disabled or incapacitated participant has less than twenty years of service credit toward his retirement under the System at the time he is retired, his annuity shall be computed on the assumption that he has had twenty years of service, but the additional service credit that may accrue to a participant under this provision shall in no

case exceed the difference between his age at the time of retirement and the mandatory retirement age applicable to his class in the Service.

"(b) In each case, the participant shall be given a physical examination by one or more duly qualified physicians or surgeons designated by the Secretary to conduct examinations, and disability shall be determined by the Secretary on the basis of the advice of such physicians or surgeons. Unless the disability is permanent, like examinations shall be made annually until the annuitant has reached the statutory mandatory retirement age for his class in the Service. If the Secretary determines, on the basis of the advice of one or more duly qualified physicians or surgeons conducting such examinations that an annuitant has recovered to the extent that he can return to duty, the annuitant may apply for reinstatement or reappointment in the Service within one year from the date his recovery is determined. Upon application the Secretary shall reinstate any such recovered disability annuitant in the class in which he was serving at time of retirement, or the Secretary may, taking into consideration the age, qualifications, and experience of such annuitant, and the present class of his contemporaries in the Service, appoint him or, in the case of an annuitant who is a former Foreign Service officer, recommend that the President appoint him, by and with the advice and consent of the Senate, to a class higher than the one in which he was serving prior to retirement. Payment of the annuity shall continue until a date six months after the date of the examination showing recovery or until the date of reinstatement or reappointment in the Service, whichever is earlier. Fees for examinations under this provision, together with reasonable traveling and other expenses incurred in order to submit to examination, shall be paid out of the Fund. If the annuitant fails to submit to examination as required under this section, payment of the annuity shall be suspended until continuance of the disability is satisfactorily established.

"(c) If a recovered disability annuitant whose annuity is discontinued is for any reason not reinstated or reappointed in the Service, he shall be considered to have been separated within the meaning of section 834 as of the date he was retired for disability and he shall, after the discontinuance of the disability annuity, be entitled to the benefits of that section or of section 841(a) except that he may elect voluntary retirement in accordance with the provisions of section 636 if he can qualify under its provisions."

(b) Section 831 of such Act is further amended by adding new paragraphs (d) and (e) which shall read as follows:

"(d) No participant shall be entitled to receive an annuity under this Act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1916, as amended, covering the same period of time. This provision shall not bar the right of any claimant to the greater benefit conferred by either Act for any part of the same period of time. Neither this provision nor any provision of the Act of September 7, 1916, as amended, shall be so construed as to deny the right of any person to receive an annuity under this Act by reason of his own services and to receive concurrently any payment under such Act of September 7, 1916, as amended, by reason of the death of any other person.

"(e) Notwithstanding any provision of law to the contrary, the right of any person entitled to an annuity under this Act shall not be affected because such person has received an award of compensation in a lump sum under section 14 of the Act of September 7, 1916, as amended, except that where such annuity is payable on account of the same disability for which compensa-

tion under such section has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the Secretary of Labor, shall be refunded to the Department of Labor, to be paid into the Federal Employees' Compensation Fund. Before such person shall receive such annuity he shall (1) refund to the Department of Labor the amount representing such computed payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this Act, which amount shall be transmitted to such Department for reimbursement to such Fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Secretary of Labor shall determine, whenever he finds that the financial circumstances of the annuitants are such as to warrant such deferred refunding."

Sec. 34. Section 832 of such Act is amended to read as follows:

"Sec. 832. (a) In case a participant dies and no claim for annuity is payable under the provisions of this Act, his contributions to the Fund, with interest at the rates prescribed in sections 841(a) and 881(a), shall be paid in the order of precedence shown in section 841(b).

"(b) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a) (2), dies before separation or retirement from the Service and is survived by a widow or a dependent widower, as defined in section 804, such widow or dependent widower shall be entitled to an annuity equal to 50 per centum of the annuity computed in accordance with the provisions of paragraph (e) of this section and of section 821(a). The annuity of such widow or dependent widower shall commence on the date following death of the participant and shall terminate upon death of the widow or dependent widower, or upon the dependent widower's becoming capable of self-support.

"(c) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a) (2), dies before separation or retirement from the Service and is survived by a wife or a husband and a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisions of section 821(c) (1). The child's annuity shall begin and be terminated in accordance with the provisions of section 821(e). Upon the death of the surviving wife or husband or termination of the annuity of a child, the annuities of any remaining children shall be recomputed and paid as though such wife or husband or child had not survived the participant.

"(d) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a) (2), dies before separation or retirement from the Service and is not survived by a wife or husband, but by a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisions of section 821(c) (2). The child's annuity shall begin and terminate in accordance with the provisions of section 821(e). Upon termination of the annuity of a child, the annuities of any remaining children shall be recomputed and paid as though that child had never been entitled to the benefit.

"(e) If, at the time of his or her death, the participant had less than twenty years of service credit toward retirement under the

1960

System, the annuities payable in accordance with paragraph (b) of this section shall be computed in accordance with the provisions of section 821 on the assumption he or she had had twenty years of service, but the additional service credit that may accrue to a deceased participant under this provision shall in no case exceed the difference between his or her age on the date of death and the mandatory retirement age applicable to his or her class in the Service. In all cases arising under paragraphs (b), (c), (d), or (e) of this section, it shall be assumed that the deceased participant was qualified for retirement on the date of his death."

Sec. 35. A new section 834 is hereby added to such Act as follows:

**"DISCONTINUED SERVICE RETIREMENT**

"Sec. 834. (a) Any participant who voluntarily separates from the Service after obtaining at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a) (2), may, upon separation from the Service or at any time prior to becoming eligible for an annuity, elect to have his contributions to the Fund returned to him in accordance with the provisions of section 841, or to leave his contributions in the Fund and receive an annuity, computed as prescribed in section 821, commencing at the age of sixty years.

"(b) If a participant who has qualified in accordance with the provisions of paragraph (a) of this section to receive a deferred annuity commencing at the age of sixty dies before reaching the age of sixty his contributions to the Fund, with interest, shall be paid in accordance with the provisions of sections 841 and 881."

Sec. 36. Section 841 of such Act is amended to read as follows:

"Sec. 841. (a) Whenever a participant becomes separated from the Service without becoming eligible for an annuity or a deferred annuity in accordance with the provisions of this Act, the total amount of contributions from his salary with interest thereon at 4 per centum per annum, compounded annually at the end of each fiscal year through June 30, 1960; semiannually as of December 31, 1960; annually thereafter as of December 31, and proportionately for the period served during the year of separation including all contributions made during or for such period, except as provided in section 881, shall be returned to him.

"(b) In the event that the total contributions of a retired participant, other than voluntary contributions made in accordance with the provisions of section 881, with interest at 4 per centum per annum compounded annually as is provided in paragraph (a) of this section added thereto, exceed the total amount returned to such participant or to an annuitant claiming through him, in the form of annuities, accumulated at the same rate of interest up to the date the annuity payments cease under the terms of the annuity, the excess of the accumulated contributions over the accumulated annuity payments shall be paid in the following order of precedence, upon the establishment of a valid claim therefor, and such payment shall be a bar to recovery by any other person:

"(1) To the beneficiary or beneficiaries designated by the retired participant in writing to the Secretary;

"(2) If there be no beneficiary, to the surviving wife or husband of such participant;

"(3) If none of the above, to the child or children of such participant and descendants of deceased children by representation;

"(4) If none of the above, to the parents of such participant or the survivor of them;

"(5) If none of the above, to the duly appointed executor or administrator of the estate of such participant;

"(6) If none of the above, to other next of kin of such participant as may be determined by the Secretary in his judgment to be legally entitled thereto.

"(c) No payment shall be made pursuant to paragraph (b) (6) of this section until after the expiration of thirty days from the death of the retired participant or his surviving annuitant."

Sec. 37. Section 851 of such Act is amended to read as follows:

"Sec. 851. For the purposes of this title, the period of service of a participant shall be computed from the effective date of appointment as a Foreign Service officer, or, if appointed prior to July 1, 1924, as an officer or employee of the Diplomatic or Consular Service of the United States, or from the date he becomes a participant under the provisions of this Act, as amended, but all periods of separation from the Service and so much of any leaves of absence without pay as may exceed six months in the aggregate in any calendar year shall be excluded, except leaves of absence while receiving benefits under the Federal Employees' Compensation Act of September 7, 1916, as amended, and leaves of absence granted participants while performing active and honorable military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States."

Sec. 38. (a) Paragraphs (a), (b), and (c) of section 852 of such Act are amended to read as follows:

"(a) A participant may, subject to the provisions of this section, include in his period of service—

"(1) civilian service in the executive, judicial, and legislative branches of the Federal Government and in the District of Columbia government, prior to becoming a participant; and

"(2) active and honorable military or naval service in the Army, Navy, Marine Corps, Air Force, or Coast Guard of the United States.

"(b) A person may obtain prior civilian service credit in accordance with the provisions of paragraph (a) (1) of this section by making a special contribution to the Fund equal to 5 per centum of his basic annual salary for each year of service for which credit is sought subsequent to July 1, 1924, and prior to the effective date of the Foreign Service Act Amendments of 1960, and at 6½ per centum thereafter with interest compounded annually at 4 per centum per annum to the date of payment. Any such person may, under such conditions as may be determined in each instance by the Secretary, pay such special contributions in installments.

"(c) (1) If an officer or employee under some other Government retirement system, becomes a participant in the System by direct transfer, such officer or employee's total contributions and deposits, including interest accrued thereon, except voluntary contributions, shall be transferred to the Fund effective as of the date such officer or employee becomes a participant in the System. Each such officer or employee shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the other Government retirement fund on account of service rendered prior to becoming a participant in the System.

"(2) No officer or employee, whose contributions are transferred to the Fund in accordance with the provisions of paragraph (c) (1) of this section, shall be required to make contributions in addition to those transferred, for periods of service for which full contributions were made to the other Government retirement fund, nor shall any refund be made to any such officer or employee on account of contributions made during any period to the other Government

retirement fund, at a higher rate than that fixed by section 811 of this Act for contributions to the Fund.

"(3) No officer or employee, whose contributions are transferred to the Fund in accordance with the provisions of paragraph (c) (1) of this section, shall receive credit for periods of service subsequent to July 1, 1924, for which a refund of contributions has been made, or for which no contributions were made to the other Government retirement fund. A participant may, however, obtain credit for such prior service by making a special contribution to the Fund in accordance with the provisions of paragraph (b) of this section."

(b) Section 852 of such Act is further amended by adding at the end thereof new paragraphs (d) and (e) which shall read as follows:

"(d) No participant may obtain prior civilian service credit toward retirement under the System for any period of civilian service on the basis of which he is receiving or will in the future be entitled to receive any annuity under another retirement system covering civilian personnel of the Government.

"(e) A participant may obtain prior military or naval service credit in accordance with the provisions of paragraph (a) (2) of this section by applying for it to the Secretary prior to retirement or separation from the Service. However, in the case of a participant who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included, except that in the case of a participant who is eligible for and receives retired pay on account of a service-connected disability incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in the line of duty during a period of war (as that term is used in chapter 11 of title 38, United States Code), or is awarded under chapter 67 of title 10 of the United States Code, the period of such military or naval service shall be included. No contributions to the Fund shall be required in connection with military or naval service credited to a participant in accordance with the provisions of paragraph (a) (2) of this section."

Sec. 39. Such Act is amended by adding after section 854 a new section as follows:

**"RECOMPUTATION OF ANNUITIES OF CERTAIN FORMER PARTICIPANTS**

"Sec. 855. The annuity of each former participant under the System, who retired prior to July 28, 1956, and who at the time of his retirement had creditable service in excess of thirty years, shall be recomputed on the basis of actual years of creditable service not in excess of thirty-five years. Service which was not creditable under the System on the date a former participant retired, shall not be included as creditable service for the purpose of this recomputation. The annuities payable to such persons shall, when recomputed, be paid at the rates so determined, but no such recomputation or any other action taken pursuant to this section shall operate to reduce the rate of the annuity any such person is entitled to receive under the System."

Sec. 40. The heading "PART H—OFFICERS REINSTATED IN THE SERVICE" under title VIII of such Act is amended to read as follows: "PART H—ANNUITANTS RECALLED, REINSTATED OR REAPPOINTED IN THE SERVICE OR REEMPLOYED IN THE GOVERNMENT."

Sec. 41. Section 871 of such Act is amended and a heading is added thereto as follows:

**"RECALL**

"Sec. 871. Any annuitant recalled to duty in the Service in accordance with the provisions of section 520(b) or reinstated or reappointed in accordance with the provisions of section 831(b) shall, while so serv-



15386

ing, be entitled in lieu of his annuity to the full salary of the class in which he is serving. During such service, he shall make contributions to the Fund in accordance with the provisions of section 811. When he reverts to his retired status, his annuity shall be determined anew in accordance with the provisions of section 821."

SEC. 42. A new section 872 is hereby added to such Act as follows:

**"REEMPLOYMENT"**

"SEC. 872. (a) Notwithstanding any other provision of law, any officer or employee of the Service, who has retired under this Act, as amended, and is receiving an annuity pursuant thereto, and who is reemployed in the Federal Government service in any appointive position either on a part-time or full-time basis, shall be entitled to receive the salary of the position in which he is serving plus so much of his annuity payable under this Act, as amended, which when combined with such salary does not exceed during any calendar year the basic salary such officer or employee was entitled to receive under sections 412 or 415 of the Act, as amended, on the date of his retirement from the Service. Any such reemployed officer or employee who receives salary during any calendar year in excess of the maximum amount which he may be entitled to receive under this paragraph shall be entitled to such salary in lieu of benefits hereunder.

"(b) When any such retired officer or employee of the Service is reemployed, the employer shall send a notice to the Department of State of such reemployment together with all pertinent information relating thereto and shall cause to be paid, by transfer or otherwise, to the Department of State funds necessary to cover gross salary, employer contributions, and gross lump sum leave payment relating to the employment of the reemployed officer or employee. The Department of State shall make to and on behalf of the reemployed officer or employee payments to which he is entitled under the provisions of paragraph (a) of this section, and shall make those withholdings and deductions authorized and required by law.

"(c) In the event of any overpayment under this section the Secretary of State is authorized to withhold the amount of such overpayment from the salary payable to such reemployed officer or employee or from his annuity."

SEC. 43. (a) So much of paragraph (a) of section 831 of such Act as precedes subparagraph (1) thereof is amended to read as follows:

"(a) Any participant may, at his option and under such regulations as may be prescribed by the President, deposit additional sums in multiples of 1 per centum of his basic salary, but not in excess of 10 per centum of such salary, which amounts together with interest at 3 per centum per annum, compounded annually at the end of each fiscal year through June 30, 1960; semi-annually as of December 31, 1960; annually thereafter as of December 31, and proportionately for the period served during the year of his retirement, including all contributions made during or for such period, shall, at the date of his retirement and at his election, be—"

(b) Paragraph (c) of section 881 of such Act is amended by deleting the word "annually" and inserting in lieu thereof the phrase "as is provided in paragraph (a) of this section", and by changing the words "withdrawal from active service" at the end of such paragraph to "separation from the Service".

SEC. 44. Section 912 of such Act is amended by changing the heading thereto to read "LOAN OF HOUSEHOLD FURNISHINGS AND EQUIPMENT" and by inserting between the words "with household" the word "basic" and by inserting between the words "household equipment" the phrase "furnishings and".

SEC. 45. Section 913 of such Act and the heading thereto is amended to read as follows:

**"TRANSPORTATION OF MOTOR VEHICLES"**

"SEC. 913. The Secretary may, notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Service, a privately owned motor vehicle in any case in which he shall determine that water, rail, or air transportation of the motor vehicle is necessary or expedient for all or any part of the distance between points of origin and destination. Not more than one motor vehicle of any such officer or employee may be transported under authority of this section during any four-year period, except that, as a replacement for such motor vehicle, one additional motor vehicle of any such officer or employee may be so transported during such period upon approval, in advance, by the Secretary and upon a determination, in advance, by the Secretary that such replacement is necessary for reasons beyond the control of the officer or employee and is in the interest of the Government. After the expiration of a period of four years following the date of transportation under authority of this section of a privately owned motor vehicle of any officer or employee who has remained in continuous service outside the continental United States (excluding Alaska and Hawaii) during such period, the transportation of a replacement for such motor vehicle for such officer or employee may be authorized by the Secretary in accordance with this section."

SEC. 46. (a) Section 1021 of such Act is amended by inserting the phrase "the Department including" immediately prior to the phrase "the Service" wherever it appears in this section.

(b) Section 1021(a) is further amended by striking out the phrase "if recommended by the Director General" and inserting in lieu thereof the phrase "at the discretion of the Secretary".

SEC. 47. Section 11 of the Act of August 1, 1956 (70 Stat. 890), is hereby amended by inserting after the phrase "Government-owned vehicles" the phrase "or taxicabs", and by inserting after the phrase "public transportation facilities" the phrase "other than taxicabs".

SEC. 48. Paragraph (4) of section 104(a) of the Internal Revenue Code of 1954 (26 U.S.C. 104(a)(4)) (relating to the exclusion from gross income of compensation for injuries and sickness) is hereby amended to read as follows:

"(4) amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country or in the Coast and Geodetic Survey or the Public Health Service, or as a disability annuity payable under the provisions of section 831 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1081; 60 Stat. 1021)."

SEC. 49. The following headings and sections in the Foreign Service Act of 1946, as amended, are hereby repealed:

(1) Section 442 of such Act and the heading thereto.

(2) Section 525 of such Act and the heading thereto.

(3) Section 576 of such Act and the heading thereto.

(4) Section 577 of such Act and the heading thereto.

SEC. 50. Any person who occupies a position in the Department of State to which he was appointed by the President, by and with the advice and consent of the Senate, at the time he was an active Foreign Service officer, and who while holding this position has retired for age as a Foreign Service officer, and who on the effective date of this section, continues to hold such position is hereby reinstated, effective as of the date of such

retirement, to active status as a Foreign Service officer and shall be entitled to all the provisions of the Foreign Service Act of 1946, as amended, as though he had never retired.

SEC. 51. Notwithstanding the provisions of this Act, existing rules and regulations of or applicable to the Foreign Service of the United States shall remain in effect until revoked or rescinded or until modified or superseded by regulations made in accordance with the provisions of the Foreign Service Act of 1946, as amended by this Act, unless clearly inconsistent with the provisions of this Act or the provisions so amended.

SEC. 52. Notwithstanding any other provisions of law, any Foreign Service staff officer who accepted an appointment as a Foreign Service Reserve officer in the Department of State during the period beginning September 1, 1958, and ending December 31, 1958, both dates inclusive, shall not be separated from the Foreign Service before the expiration of his original appointment as a Foreign Service Reserve officer, except as authorized by section 637 or 638 of the Foreign Service Act of 1946, as amended.

SEC. 53. (a) The provisions of this Act shall become effective as of the first day of the first pay period which begins more than thirty days after the date of enactment of this Act, except as provided in paragraph (b), (c), (d), and (e) of this section, and except as otherwise provided in the text of this Act.

(b) (1) The provisions of paragraph (c) (1) of section 803 of the Foreign Service Act of 1946, as amended by section 29(b) of this Act, shall become effective on the first day of the first month which begins more than one year after the date of enactment of this Act, except that any Foreign Service staff officer or employee, who at the time this Act becomes effective meets the requirements for participation in the Foreign Service Retirement and Disability System, may elect to become a participant in the System before the mandatory provisions become effective. Such Foreign Service staff officers and employees shall become participants effective on the first day of the second month following the date of their application for earlier participation.

(2) The provisions of paragraph (c) (2) of section 803 of the Foreign Service Act of 1946, as amended by section 29(b) of this Act, shall become effective on the first day of the first month which begins more than three years after the date of enactment of this Act.

(c) The amendment made by section 31 of this Act, with respect to a contribution to the Foreign Service Retirement and Disability Fund to be made by the Department, shall become effective July 1, 1961.

(d) The amendment made by section 39 of this Act shall take effect on the first day of the first month which begins more than thirty days after the date of enactment of this Act.

(e) The amendment made by section 48 of this Act shall be effective with respect to taxable years ending after the date of enactment of this Act.

The SPEAKER. Is a second demanded?

Mr. FULTON. Mr. Speaker, I demand a second.

Mr. HAYS. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

Mr. HAYS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, a bill that has 53 sections to it may seem like a long bill to bring before the House under suspension

of the rules. The length is deceptive because many of the sections comprise amendments to basic law that are technical, perfecting, or clarifying. Except for a few sections they are intended to improve the organization and administration of the Foreign Service rather than make substantive changes.

The hearings of the subcommittee on State Department Organization and Foreign Operations that studied this measure total 258 pages. In addition the subcommittee and the full committee considered the bill in executive sessions. I can assure the Members that this is a carefully worked out measure. It does not include everything that the State Department wanted. It does not incorporate all the provisions of the Senate bill which was before our subcommittee. It does not include everything that the subcommittee or the Committee on Foreign Affairs believes necessary for the efficient operation of the Foreign Service.

It is the best that we can bring before the House at this time. We believe the changes made are reasonable and necessary to improve the overall operation of the Foreign Service.

Before I explain some of the changes made by this bill, I want to express my appreciation to the members of my subcommittee on State Department Organization and Foreign Operations who participated in the lengthy sessions we held. Members on both sides were diligent in their attendance and searching in their queries. The gentleman from Michigan (Mr. BENTLEY) is the ranking minority member on the subcommittee. He is the only former Foreign Service officer in the House. He drew on his knowledge of, and experience in, the Foreign Service to raise very pertinent questions. I regret that he is leaving the committee this year.

The basic Foreign Service Act became law in 1946 when the Service was small and the demands placed upon it were fewer. Some changes were made in the act in 1955 and 1956 as a result of problems created by the integration of departmental personnel into the Service. Most of those changes, however, were confined to the professional Foreign Service officers and left the Foreign Service Staff personnel and other parts of the law untouched. A large number of changes in the bill now before the House reflect the experience of 14 years' operation of the provisions affecting the Foreign Service Staff and the Foreign Service retirement system.

The Staff personnel perform technical, administrative and clerical services. They serve tours of duty abroad. They enjoy the advantages and experience the disadvantages of life abroad.

Most of us maintain an efficiency that is in direct proportion to the efficiency of our own office staff. The efficiency of the Foreign Service is dependent upon performance by the Staff. My own observation is that the Staff personnel are generally hard working, and often unrecognized, employees overseas.

Staff personnel are presently under civil service retirement. In this bill it is provided that after 10 years of service in the staff they will come under the

Foreign Service retirement system. After an individual has served 10 years, it may be assumed that he is making the Foreign Service his career. He is subject to the same requirements of overseas service as are Foreign Service officers. Hence it is logical that he is entitled to the same benefits as officers have. The retirement payments made by Staff personnel into the civil service retirement fund will be transferred to the Foreign Service retirement fund after the individual has completed 10 years in the Staff. The cost to the Government will not increase. It will simply be a shift from one retirement system to another.

There has been some concern among a small group of Foreign Service Reserve officers who served for many years in the Foreign Service Staff. Many members, I know, because some of them have communicated with me, have received communications from some of these people through their constituents expressing a concern that they will be removed from the Service before their 5-year period of service as Reserve officers is completed. They were offered the opportunity to shift from the Staff to the Reserve because of the higher salary scale and because as Reserve officers they remained under the civil service retirement system. In that system they can continue until age 70 whereas under the Foreign Service retirement system they have to retire at age 60. Our subcommittee looked into this matter. In section 52 of the bill we expressly state that they are to continue in service for the duration of their 5-year appointment unless they reach the mandatory retirement age of 70 or, like all other Foreign Service personnel, are removed for some serious charge. Our subcommittee was advised by the Department that there was no disposition to force these officers out before they had completed their appointments. I understand that these individuals are completely reassured on this point.

The rapid birth of new nations since the end of World War II has presented the Foreign Service with a new problem. Briefly stated, it is how we can secure individuals who are familiar with the language and culture of these countries in order that the United States may be properly represented and informed. Our educational system has not yet produced students in adequate numbers who can fill the needs. Most of the candidates for the Foreign Service are young people with no specialized training.

The development of specialists raises difficult administrative problems. In the first place an individual himself must have a desire to specialize in a particular area. To assign an officer arbitrarily to become proficient in Burmese or Arabic when he has little or no interest is a waste of time and money. To provide an incentive for the study of esoteric languages, the committee has included in section 17 authority for within-class salary increases. One of the bases for such an increase will be where an officer on his own initiative becomes proficient in a difficult language.

Section 7 is an expression of congressional concern that our representatives abroad be knowledgeable about the

country in which they serve. It is the expectation of the committee that chiefs of mission and Foreign Service officers have as good a grasp as is practicable of the language, culture, history, and institutions of the countries in which they are stationed.

We did this in order to avoid a hardship on these people who accepted a contract in the belief they would be entitled to enough time to get in their years for retirement. We thought this was justified, so we put in this provision.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Iowa.

Mr. GROSS. Just so we understand this bill, the compression from 20 classes to 10 classes is out. Is that correct?

Mr. HAYS. That is out.

Mr. GROSS. The bonus for learning difficult languages is out?

Mr. HAYS. That is out.

Mr. GROSS. The proposed housing allowance that was in the other bill is out?

Mr. HAYS. That was in the Senate bill, and that is taken out.

Mr. GROSS. The authority for the Secretary of State to give additional pay for so-called hazardous duty to couriers is out of the pending bill; is that correct?

Mr. HAYS. That is out of the bill.

Mr. GROSS. May I ask the gentleman this question, whether it is the intention of the members of the House committee when they go to conference to oppose these stricken provisions being put back into the bill?

Mr. HAYS. I might say to the gentleman there are some 20 amendments, I believe, that are in disagreement, which we did not put in but which the other body has put in, including I might say a \$100 million open end—no restriction items—for buildings which we struck out. I do not propose to go to the other body and take their bill. I cannot guarantee to the gentleman that in trying to reach an agreement with the other body that we will not have to give ground on some amendments. But, the gentleman knows me pretty well and he knows that I do not give ground very easily. I assure the gentleman I will do my utmost to come back with as near the House bill as we possibly and humanly can.

Mr. GROSS. I would hope that that would be the case because the gentleman well knows that the Committee on Rules refused to give a rule on the other bill containing the provisions which the gentleman from Ohio now says has been stricken from the bill. I would certainly hope that the conferees on the part of the House would defend to the utmost the position taken by the House with respect to this bill, if it is passed.

Mr. HAYS. I think the conferees would have a moral responsibility to defend the House bill so far as they possibly can, and that is exactly what we will do.

Mr. GROSS. I thank the gentleman.

Mr. HAYS. Mr. Speaker, the rapid birth of new nations since the end of World War II has presented our foreign

15888

## CONGRESSIONAL RECORD — HOUSE

service with a new problem. Briefly stated, it is—how can we secure individuals familiar with the languages and cultures of these countries in order that the United States may be properly represented and informed? Our educational system has not yet produced these students in adequate numbers. Most of the candidates for foreign service are young people with no specialized training. The development of specialists raises difficult administrative problems. In the first place, an individual must have a desire to specialize in a particular area. To assign an officer arbitrarily to become proficient in Burmese or Arabic when he has little or no interest in those languages is a waste of time and money. To provide an incentive for the study of esoteric languages, the committee has included section 17 and provided authority for these salary increases for merit.

Mr. Speaker, I might say to the gentleman from Iowa that this is not the section that he was talking about. This is an in-grade increase for meritorious service. We do not say that they shall do it, if a man studies an esoteric language, but in the report we point out that in this age when it is necessary to have specialists, if they are going to give any in-grade promotions, which they will have authority to do, this would be a good thing to give them for.

We struck out the section to which many Members objected, which gave automatic bonuses. But, we do believe, and I am sure the gentleman will agree, that if you are going to get a man to study Arabic, you are going to have to hold out to him some incentive because we think an individual in the Foreign Service is not going to study an esoteric language on his own time unless he thinks it is going to result in some gain to him in his professional occupation.

I will say to the gentleman and to other Members, I have been as critical of the Department of State with reference to some of its actions as anybody in the House of Representatives. But, this is the only State Department—regardless of the name of the next President—this is the only State Department that we are going to have. I am not so sure that the next President is going to keep the peace of the world as I am sure of the proposition that the actions of the Department of State as a whole, as it presents the face of America to the other nations of the world, is what is going to win this cold war for us. I am interested in getting the best kind of Foreign Service that we can possibly produce. I am interested in enticing into our Foreign Service the best kind of people we can get. That is why I supported this recruitment program so that they could go out into these small colleges and universities all over the country as well as to the larger universities in the east and lay before these students what the Foreign Service is and try to get the cream of the crop. These are some of the reasons we come before you with this bill today.

Mr. Speaker, in section 7 we expressed concern that our representatives abroad be knowledgeable about the country in which they serve. We felt that they have

not been in the past. It is the purpose that our chiefs of mission and our Foreign Service officers have as good a grasp as is practicable of the language, culture, history, and institutions of the countries in which they are stationed.

While the new language of the section is not mandatory, neither is it hortatory. It is the firm desire of the committee that the Department give increased and sustained attention to this problem. Career planning should include provision for specialized training.

Many of the senior officers of the Department entered the Foreign Service at a time when specialization was frowned upon. They rose through the ranks as generalists and tend, even today, to favor the all-around officer over the officer who has devoted himself to intense study of a particular field of knowledge. The result has been that younger officers with specialized training have felt their careers to be jeopardized. In section 18 the committee makes clear that specialization shall not inhibit or prejudice the promotional opportunities of officers.

No other Government service demands as much of the wife as does the Foreign Service. She must play a real part in representational work as well as in numerous other functions at posts abroad. She can discharge her responsibilities better if she is conversant with the language and has some orientation about the country in which her husband is stationed. Under the language of section 27, authority is granted the Secretary to provide such training on a "space available" basis. The facilities of the Foreign Service Institute here in Washington or such facilities as exist at overseas posts may be used.

I might say that it seems logical to me that if they have a class available, that they put those people in it. Let them have the benefit of this training, because in many cases they play an important part in the success or failure of the mission.

Sections 29 through 43 overhaul the Foreign Service retirement and disability system.

I am going to include a complete résumé of what this does in my remarks, but in the interest of saving time I will say that among other things it puts people on the same basis as the civil service retirement system.

I am sure many Members who are worried about the cost will be glad to know that it raises the contribution of the employee from 5 percent to 6½ percent.

As Members may recall, Foreign Service personnel have their own retirement system. While improvements and modifications have been made in other Government retirement systems, the Foreign Service retirement system has been almost unchanged since 1946. The amendments covering it are necessarily technical. It occurred to me that Members could more readily grasp the changes made by this bill if there were a table that compared the civil service system with which they are more familiar with the Foreign Service system as it is and as it will be amended by this bill. Such a table starts on page 25 of the report. Glancing down the last column of that

table will show that almost all the changes will result in a retirement system that is identical with or very similar to the civil service retirement system. One significant change is to increase the compulsory contributions of participants from 5 percent to 6½ percent—the same as civil service.

Mr. Speaker, I have touched upon what I believe to be the principal provisions of this bill. I do not say that this bill corrects all the shortcomings or fills all the deficiencies in our Foreign Service. It does not contain all of the changes that I or my colleagues on the committee want. But it does make substantial improvements in that Service. It does provide some of the tools and guideposts that in the hands of competent administrators can make the Foreign Service what it should be—a non-partisan career service of topflight men and women.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield.

Mr. McCORMACK. I understand this is the recommendation of the administration?

Mr. HAYS. This is the administration's bill, with a few deletions that the committee made, but what we are presenting is 100 percent the administration's request.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield.

Mr. GROSS. The gentleman is aware that Foreign Service employees benefited from the pay raise bill of 7½ percent?

Mr. HAYS. That is right.

Mr. GROSS. Will the gentleman turn to page 63. Does this mean page 63, section 625, that there are built-in pay increases in addition to the 7½-percent pay raise?

Mr. HAYS. No. This is not any built-in pay increase. The committee had considered the bill and the restrictions in the bill, and the in-grade pay increase was considered before the pay increase bill was passed. I was happy to strike that out. This was passed out of committee a few days before the other bill was passed.

Mr. GROSS. This gives the Secretary the authority to make certain in-grade promotions. That authority will not be used except in a few exceptional cases? Is that true?

Mr. HAYS. That is true, and we have instructed the Department accordingly, that we do not expect them to grant those indiscriminately.

Mr. GROSS. Page 68, subsection (b), would the gentleman's response to the same question be the same? Would that constitute a built-in pay increase?

Mr. HAYS. No. I would not say so. I am glad to put that in the Record, that we do not expect it to be used that way. The situation was that this was to be used only in case of meritorious action, in the discretion of the Secretary.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER. The gentleman from Pennsylvania is recognized.



1960

## CONGRESSIONAL RECORD — HOUSE

15889

Mr. FULTON. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, this bill is designed in part to meet the situation on U.S. representation abroad which has occurred theoretically in the book "The Ugly American." Some Members have been concerned about those actions cited in the book "The Ugly American."

Members would do well to look over the bill and the report and you will see that it does forestall situations of that type occurring. For example, I like particularly the emphasis on foreign language training, likewise training made available to wives and families of people who represent us abroad.

Mr. Speaker, I yield such time as he may desire to the gentleman from Michigan (Mr. BENTLEY).

The SPEAKER pro tempore. The gentleman from Michigan is recognized.

(Mr. BENTLEY asked and was given permission to revise and extend his remarks.)

Mr. HAYS. Mr. Speaker, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Ohio.

Mr. HAYS. I merely wish to correct one statement I made. I said to the gentleman that the original bill included a provision for \$200 million for housing. I was in error; it was \$100 million. I will correct that when I revise my remarks before they are printed in the RECORD.

Mr. BENTLEY. Mr. Speaker, it is somewhat coincidental that when I came here 8 years ago I came from the Foreign Service and that on the eve of my departure from the House I should be speaking on a bill designed to strengthen and improve the Foreign Service.

I want to pay my own tribute to the chairman of our subcommittee, the gentleman from Ohio, and to express my appreciation of his kind remarks about me. One of the many regrets I have upon leaving the House is that I will not be here next year to assume the chairmanship of the State Department Subcommittee and have the gentleman from Ohio as my ranking minority member.

Mr. Speaker, I think the chairman of the subcommittee, the gentleman from Ohio, has explained this bill very adequately. Very briefly, it contains three particular parts. There is, of course, legislation with respect to the strengthening of the Foreign Service Staff Corps. There is legislation also for the Foreign Service retirement and disability fund; and there is legislation for the overall improvement of the Foreign Service.

The gentleman from Ohio referred to an earlier bill which had been passed by the committee and which because of objections was changed. As the House is aware we are now considering the Senate bill 2633, with an overall amendment, which is the bill presently before us.

In addition to the \$100 million authorization for Foreign Service buildings which was included in the original Senate bill, the specific items which have been taken out by the Foreign Affairs Committee from the Senate bill include, as was pointed out by the gentleman

from Ohio, the reorganization of the Foreign Service staff, reducing it from 22 classes to 10 classes which arrangement had been somewhat outmoded by the recent 7½-percent Federal pay increase; the hazardous duty pay for couriers; the housing differential pay to Foreign Service officers assigned to Washington and the special incentive program in foreign languages; the travel expense item for dependents of persons attending international conferences, and the payment of salaries and expenses of participants in exchange programs.

Those items, Mr. Speaker, as originally included in the bill, with the exception of the housing provision which was never considered by the Committee on Foreign Affairs as a legitimate part of this bill, would at that time have made the overall cost of the bill \$1,869,642 annually. Since we have now removed all of those provisions and since the only two items in the bill to represent any cost are the five-year language training program and the very small amount for the benefit of interclass promotion of Foreign Service staff officers and employees, the cost of the bill presently before the House is estimated to be not more than \$271,831 annually.

In addition to that, the various changes in the legislation which affect the Foreign Service retirement and disability fund are, I believe, expected to represent a total liability to the fund of not more than \$190,000 per annum.

Mr. Speaker, I contend that the very small figures contained in this bill can, indeed, be justified for the purpose of strengthening and improving our Foreign Service. We do not pretend to say that the State Department or the Foreign Service is completely satisfied with this bill because, naturally, they would have liked to have included the provisions that were taken out by the committee. But I can say categorically that the State Department, the Foreign Service Association, and the administration is very desirous of having the bill now before the House passed at the present time without change insofar as the House is concerned and, whether or not a conference with the other body will ensue, as the gentleman from Ohio has said, we in the House will try to maintain the position of the House if, indeed, a conference is requested.

Mr. Speaker, I would like to say a word or two at this point about the Foreign Service of the United States which basically comprises three categories—Foreign Service officers who are nominated by the President and require Senate confirmation; the Foreign Service Reserve, very analogous to the Active Reserve of the armed services; and the Foreign Service staff officers and employees who are almost a forgotten category but who make up the clerical and technical personnel that give so much backbone to our Foreign Service. Without the Foreign Service staff and corps, the Foreign Service would be composed of a good many chiefs and very few Indians.

Just as we are interested in trying to make the career Foreign Service an attractive profession from the standpoint of encouraging the recruitment of our

finest caliber of men and women, we must at the same time also take steps to make the Foreign Service staff corps, the technical and clerical corps, equally attractive, equally desirable. That is one of the main purposes for bringing this bill before you today.

Mr. Speaker, we are engaged in a cold war with the Soviet Union that is being fought on a great many fronts, indeed. It is being fought on the ideological front, the economic front, the cultural front, and many other fronts. The only front it is not being fought on at the present time, and pray God that may never occur, is, of course, the military front. In all of these other fronts of our cold war struggle with international communism and with the Soviet Union, our Foreign Service, the Foreign Service of the United States, is indeed our frontline shock troops. Whether in Cuba, whether in the Congo, whether in the Middle East, whether in Berlin or the Far East or any of the other farflung parts of the world, the men and women of the Foreign Service are the ones who take the brunt of the cold war. They are the first line in our great conflict and struggle with international communism at this time. As desirous as we all are to maintain a strong armed force, the Army, the Navy, the Air Force, and other components of the armed services, because we believe in maintaining a strong Military Establishment to best guarantee peace, it would be the height of folly, it would be the height of shortsightedness not to do everything within our power to strengthen the Foreign Service of the United States whose contribution to victory in the cold war, whose contribution to the peace of the world and the security and safety of this country is equally as important as the contributions made by our Armed Forces.

I urge sincerely and earnestly that the House pass this bill without a dissenting vote, and let the people of our country, the people of the world, and the people of the Foreign Service know that we are united in wanting to strengthen and stabilize and improve our Foreign Service. Certainly we can make improvements in it. We can get more efficiency, we can get a better quality of people, we can get a higher class of administrators, we can do many things, but we cannot make those improvements by refusing the modest requests they have asked to make the Foreign Service what we would all like to see, and that is the finest Foreign Service that any country can boast of. So, on the basis of my experience in the Foreign Service, and on the basis of my experience with the Committee on Foreign Affairs, I hope this bill will be passed with no dissenting vote, with no opposition, but with a strong indication on the part of the House that we recognize the importance of the international crises we are going through today, and that we recognize at the same time that these crises have problems and that our successful solution of such problems will depend on the strength, the efficiency and the adequacy of our Foreign Service

15890

that has already done such a wonderful job.

I believe very sincerely that this bill will contribute to making all of these things possible.

Mr. FULTON. Mr. Speaker, I yield such time as he may desire to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Speaker, for some time the members of the Committee on Foreign Affairs have been very much interested in doing all that could be done legislatively to strengthen the Foreign Service. In the midfifties some steps were taken to amend the act of 1946, and those steps, I think, were constructive and helpful.

The proposal today, in my opinion, is another such forward-looking, beneficial step, and I urge that this proposed legislation be adopted. I think each of us is anxious to do everything that we can in these troubled days to give us the strongest possible Foreign Service. We want to encourage properly prepared people to enter the service, and we want to give them inducements to remain there once they are in that Service. This legislation will contribute to that end. It will, I repeat, strengthen our Foreign Service and make it more attractive. It will assist in building a strong body of Foreign Service people who will represent our country abroad and thus contribute to the cause of world peace.

Mr. Speaker, I urge the adoption of this proposed legislation.

Mr. FULTON. Mr. Speaker, I yield such time as he may desire to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Speaker, I rise in support of this legislation. It seeks to bring our Foreign Service into line with the realities of our present world situation. In the more leisurely days of the quiet past, which seems such a long time ago, the Foreign Service officer was trained to observe and interpret and report to his Government regarding events in a foreign country. He transmitted messages, carried on a certain amount of entertainment and in general upheld the prestige of his country. Now we are living in a world where a chief of mission not only has to do all of these things, but he is responsible in many countries for the operation of a foreign aid program that involves the management of as much as \$100 million or \$200 million or \$300 million worth of aid each year. How many are there in the United States even in the business world qualified by training or experience to manage efficiently, economically, and successfully that big an operation? We simply have got to raise the Foreign Service to a higher level—in its training, in its emoluments, and its attractions, and in its rewards—if it is to do what the country needs and expects of it.

As the gentleman from Michigan has correctly said, this bill is to strengthen our first line of defense. It is only when that first line is not successful in protecting the interests of our country in its relations with other countries that we have to call on the armed services. We spend billions of dollars on the armed services without hesitation, but we have not become accustomed to giving the attention and thought that the times de-

mand to making the Foreign Service adequate for the responsibilities we place upon it.

Mr. Speaker, I was shocked recently to learn that when a man retires from the Foreign Service, even though he may have served our country brilliantly for 30 or 35 years, yet he is not given a citation or a plaque or a certificate or an honorable discharge or anything from the President or the Secretary of State showing that he has served in the Foreign Service of the United States for a given length of time, or in such and such countries, in such and such positions, with great distinction and honor to his country. This is a shortcoming that should be promptly remedied.

Mr. Speaker, this bill is a very modest step. It requires very little additional money. I think it is long overdue, and I hope that the various provisions will induce the very ablest and most ambitious, if you wish, and most patriotic men and women in our country to enter the Foreign Service.

England knew she was an island for hundreds of years, and almost every great statesman in England's history for centuries had served an apprenticeship in its overseas activities—a consul on the Gold Coast, a magistrate in Hong Kong, an executive with the East India Co. or the Hudson's Bay Co. Therefore the British thought in world terms, to their great advantage. In contrast, we in America had almost a whole continent to occupy our attention. Our best youth were challenged to become engineers, railroad builders, scientists, industrialists to develop this vast, virgin continent. Now, belatedly, we are waking up to the fact that we, too, are just an island. And, in the end, America will survive, let alone progress, in direct proportion to our skill in handling our relations with the rest of the world. This bill is designed to make more effective the body of men and women who will handle this most vital function.

I am glad that we are making some headway in legislation to improve the Foreign Service.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. JUDD. I yield to the gentleman.

Mr. GROSS. Do I understand that the contribution on the part of the Foreign Service employees is being increased under the terms of this bill?

Mr. JUDD. That is right.

Mr. GROSS. That is, their contribution to the retirement fund.

Mr. JUDD. That is right.

Mr. GROSS. What has it been?

Mr. JUDD. I understand it has been 5 percent and that this bill increases it to 6½ percent, which brings it into line with the contributions of other groups of Federal employees.

Mr. GROSS. So at long last they are attaining some equality with the rest of us in payments into the retirement fund; is that correct?

Mr. JUDD. I think that is correct.

Mr. GROSS. If the gentleman will yield further, I am curious to know why this bill was handled by the Committee on Foreign Affairs.

Mr. JUDD. I cannot give the gentleman a categorical answer, but it is my

impression that it has been because the Foreign Service is such a specialized body. Its duties have been so different in many respects from those of the main body of Government personnel and it works under such a variety of conditions abroad. These conditions are studied and legislation dealing with them formulated and sponsored in the Congress by the Committee on Foreign Affairs which has the most direct responsibility in this field.

Mr. GROSS. The gentleman will recall that the 7½ percent increase pay bill came out of the Committee on Post Office and Civil Service.

Mr. JUDD. Yes, I know that. And I was one who voted reluctantly to sustain the President's veto of that bill, not because of the amount of money involved in raises for postal employees, but because I did not feel that this was the way to deal with pay and employment conditions of other employees, especially those in the Foreign Service.

Mr. GROSS. I am curious to know why there is this divided jurisdiction.

Mr. JUDD. One would have to go to the Speaker of the House of Representatives for an answer to that, I suppose. But this is the traditional way in which legislation dealing with Foreign Service personnel has been handled.

Mr. GROSS. I thank the gentleman.

Mr. FULTON. Mr. Speaker, I yield myself a minute.

Mr. Speaker, I would like to put it on record that I believe we have the best Foreign Service in the world. The U.S. Foreign Service officers, the staff personnel, the reserve officers, our U.S. wives and families in Foreign Service, and indeed they are, as well as our many efficient employees who come from beyond our U.S. borders, constitute the finest Foreign Service team assembled anywhere, any time, and by any country. I know it from my long years of experience in Congress, on the Foreign Affairs Committee, and as a U.S. delegate at the United Nations, and it should be firmly and openly stated, so all American citizens know of it, and view our U.S. Foreign Service with pride, respect, devotion, and honor.

Secondly, I would like to congratulate the members and families of our U.S. Foreign Service on their courage and competence because, in many fields and in many places all over the world, they have been rendering very fine and dedicated service to the American people—patriotic service. We hear so much criticism that I think we should have on record the feeling of the Congress, and especially the members of the Committee on Foreign Affairs who see the Foreign Service quite a bit, and work with them, that we do have this confidence in them.

Mr. HAYS. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey [Mr. GALLAGHER].

(Mr. GALLAGHER asked and was given permission to revise and extend his remarks.)

(Mr. GALLAGHER addressed the House. His remarks will appear hereafter in the Appendix.)

Mr. FULTON. Mr. Speaker, I yield such time as she may consume to the gentleman from Ohio [Mrs. BOLTON].

Mrs. BOLTON. Mr. Speaker, we have tried exceedingly hard in the Committee on Foreign Affairs and particularly in the subcommittee having to do with matters concerning the personnel of the Foreign Service, to bring to you a bill which is a just bill even though we should have liked to have included other items.

We feel strongly that there is a very real need for the changes this bill brings to you. So, Mr. Speaker, it is my earnest hope that recognition of this kind may be given to the Foreign Service officers and staff. They have served us well, and they will continue so to do. This is a moment in history when demands are being made upon them daily that demand training, knowledge, and ever increasing experience topped by a deep loyalty and courage. We feel that this bill may do much to encourage them, to give them the certainty that we here on the Hill know that things are not always easy for them and that we want them to have definite recognition from us.

I trust that this bill will be passed, and as the gentleman from Michigan so well said, that it will be passed without a dissenting vote.

The SPEAKER. The question is, Will the House suspend the rules and pass the bill S. 2633, with an amendment?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

Mr. FULTON. Mr. Speaker, I heard no "noes" on the vote. Can it be entered on the RECORD that the bill was passed by unanimous consent?

The SPEAKER. That is not a parliamentary question.

#### BILLS FROM COMMITTEE ON WAYS AND MEANS TO BE CALLED UP UNDER UNANIMOUS CONSENT

(Mr. McCORMACK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McCORMACK. Mr. Speaker, I want to announce to the House that the Committee on Ways and Means have reported out 12 bills that we shall consider later on this week or sometime later in this session; I should say probably this week. The chairman of the committee will ask unanimous consent for the consideration of these bills, a list of which I make part of the RECORD at this time:

H.R. 1266, prepaid dues income of certain membership organizations.

H.R. 6292, authorization of acceptance by the Government of gifts to reduce the public debt.

H.R. 9000, provision that only one retail liquor dealer tax need be paid by any State and political subdivision operating liquor stores.

H.R. 10960, determination of retail price for purposes of excise tax on cigars.

H.R. 6066, limitation on deduction in case of contributions by individuals to certain charitable organizations.

H.R. 3176, imposition of tire tax on tires delivered to manufacturer's retail outlet.

H.R. 12536, exclusion of local advertising charges from manufacturer's sales price.

H.R. 11631, amendment of section 902(b) of Internal Revenue Code.

H.R. 12329, gift and estate tax treatment of relinquishment of certain powers.

H.R. 12036, dividends-received deduction for dividends paid by a foreign corporation from earnings and profits accumulated by a domestic corporation.

H.R. 3392, certification of quotas on certain Philippine tobacco.

H.R. 11584, import taxes on lead and zinc.

#### RETIRED FEDERAL EMPLOYEES HEALTH BENEFITS BILL

Mr. DAVIS of Georgia. Mr. Speaker, I move to suspend the rules and pass the bill (S. 2575) to provide a health benefits program for certain retired employees of the Government, as amended.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Retired Federal Employees Health Benefits Act".*

##### DEFINITIONS

Sec. 2. As used in this Act—

(1) The terms "employee", "Government", "member of family", and "Commission" have the same meanings, when used in this Act as such terms have when used in the Federal Employees Health Benefits Act of 1959.

(2) "Health benefits plan" means an insurance policy or contract, medical or hospital service arrangement, membership or subscription contract, or similar agreement provided by a carrier for a stated periodic premium or subscription charge for the purpose of providing, paying for, or reimbursing expenses for hospital care, surgical or medical diagnosis, care, and treatment, drugs and medicines, remedial care, or other medical supplies and services, or any combination of these.

(3) "Retired employee" means any person who would be an annuitant as that term is defined in the Federal Employees Health Benefits Act of 1959 if the contribution and enrollment provisions of that Act had been in effect on the date the person became an annuitant, but does not include any person who was a noncitizen whose permanent-duty station was outside a State of the United States or the District of Columbia on the day before he became an annuitant.

(4) "Carrier" means a voluntary association, corporation, partnership, or other non-governmental organization which lawfully offers a health benefits plan.

##### GOVERNMENT-WIDE PLAN

Sec. 3. (a) The Commission shall, without regard to section 3709 of the Revised Statutes or any other provision of law requiring competitive bidding, enter into a contract with a qualified carrier for one uniform Government-wide health benefits plan for retired employees. Such contract shall be for a period of at least one year and shall be automatically renewable in the absence of notice of termination by either party. The carrier shall, if the Commission so directs, cede reinsurance to such other companies which regularly issue group health insurance as may elect to participate or shall allocate its rights and obligations under the contract among such of its affiliates as may elect to

participate in accordance with an equitable formula to be determined by the carrier and approved by the Commission. The contracting carrier, if an insurance company, shall be licensed to issue group health insurance in all the States of the United States and the District of Columbia and shall, in the most recent year for which data are available, have made at least 1 per centum of all group health insurance benefit payments in the United States.

(b) The contract under this Act shall contain a detailed statement of the benefits offered and shall include such maximums, limitations, exclusions, and other definitions of benefits as the Commission may deem necessary or desirable. No person may be excluded because of race, sex, health status, or age, and the contract may not deny or limit benefits because of any preexisting condition.

(c) The rates charged for the health benefits plan described in subsection (a) of this section shall reasonably and equitably reflect the cost of the benefits provided. Rates determined for the first term shall be adjusted for subsequent terms on the basis of experience. The Commission shall prescribe the extent to which reserves due to favorable experience may be retained by the carrier. Such reserves shall in any case be retained for the benefit of retired employees enrolled thereunder, and members of their families.

##### CONTRIBUTIONS

Sec. 4. (a) If a retired employee enrolls in the health benefits plan provided for by section 3 of this Act, the Government shall contribute toward his subscription charge such amounts as the Commission by regulation may from time to time prescribe. The amount so prescribed, if the employee is enrolled for self only, shall not be less than \$3.00 monthly or more than \$4.00 monthly. The amount to be prescribed for a retired employee enrolled for self and family shall be twice the contribution for one enrolled for self only. A retired employee may not receive a Government contribution for more than one plan, nor may a retired employee receive a Government contribution if he is covered under the enrollment of another employee or retired employee who is receiving a Government contribution toward his enrollment.

(b) In addition the Government shall contribute an amount, as prescribed by the Commission, up to 2 per centum of each contribution authorized by subsection (a) of this section of the Retired Employees Health Benefits Fund, for payment of expenses incurred by the Commission in administering this Act.

##### WITHHOLDING

Sec. 5. There shall be withheld from the annuity or compensation of each retired employee enrolled in the health benefits plan provided for under section 3 of this Act so much as is necessary, after deducting the contribution of the Government, to pay the total charge for his enrollment.

##### OTHER HEALTH BENEFITS PLANS

Sec. 6. (a) Subject to subsection (b) of this section a retired employee who elects to obtain a health benefits plan, or to retain an existing health benefits plan, other than the plan provided for under section 3 of this Act, directly with a carrier, shall be paid a Government contribution to the cost of his health benefits plan which shall be equal in amount to the appropriate Government contribution established by the Commission pursuant to section 4(a) of this Act, but may not exceed the cost to him of the health benefits plan in which he is enrolled or which he retains or, if the plan combines health benefits with other benefits, shall not exceed the cost to him of the premium fixed by the carrier for the health benefits portion of the plan in which he is enrolled or which he retains. A retired employee may not receive a Government contribution for more than

one plan, nor may a retired employee receive a Government contribution if he is covered under the enrollment of another employee or retired employee who is receiving a Government contribution toward his enrollment.

(b) A retired employee who enrolls in a plan shall be entitled to the Government contribution provided by this section only if the carrier of the plan (1) has been providing health benefits for at least one year and (2), if an insurance company, is licensed to issue individual or group health insurance in all the States of the United States and the District of Columbia. Clause (2) of the immediately preceding sentence shall not apply to enrollment in a plan sponsored by an association or other organization more than 50 per centum of the members of which are Federal employees or former Federal employees.

(c) In addition, the Government shall contribute an amount, as prescribed by the Commission, up to 2 per centum of each contribution authorized by subsection (a) of this section to the Retired Employees Health Benefits Fund, for payment of expenses incurred by the Commission in administering this Act.

#### ELECTIONS

SEC. 7. Each retired employee shall, within such time after March 1, 1961, as the Commission shall prescribe, notify the Commission of his election (1) to enroll in the plan provided under section 3 of this Act, (2) to enroll in or retain another health benefits plan and receive Government contributions under section 6 of this Act, or (3) not to participate in the program offered under this Act. If the retired employee elects to enroll under clause (2) of this section, his election shall be accompanied by a certificate of the carrier certifying the fact of his enrollment and the cost to him of the health benefits plan, or of the health benefits portion of the plan.

#### RETIRED EMPLOYEES HEALTH BENEFITS FUND

SEC. 8. (a) The withholdings of retired employees under section 5 of this Act and the contributions of the Government under sections 4 and 6 of this Act shall be deposited in the Retired Employees Health Benefits Fund, hereinafter referred to as the "Fund", which is hereby created and which shall be administered by the Commission.

(b) The Fund shall be available without fiscal year limitation for all payments on account of the health benefits plan negotiated under section 3 of this Act, for payment of the Government's contribution provided for by section 6(a) of this Act to agencies of the Government which administer a retirement system for civilian employees of the Government, and for payment of expenses, not to exceed the Government's contributions authorized by sections 4(b) and 6(b) of this Act, incurred by the Commission in administering this Act.

(c) Any dividends or other refunds made by the carrier under section 3 of this Act shall be set aside in the Fund as a contingency reserve for the Government-wide plan. Such contingency reserve may be used to defray increases in future rates of or to reduce the retired employees' and the Government's contributions to, or to increase the health benefits provided by that plan, as the Commission may from time to time determine.

(d) The Secretary of the Treasury is authorized to invest and reinvest any of the moneys in the Fund in interest-bearing obligations of the United States for the purposes of the Fund. The interest on and the proceeds from the sale of any such obligations shall become a part of the Fund.

#### ADMINISTRATION

SEC. 9. (a) The Commission shall administer this Act and prescribe such regulations as are necessary to give full effect to the purposes of this Act.

(b) Such regulations shall fix minimum standards to be met by the carrier and the plan under section 3 of this Act, including extensions of coverage to be provided. The Commission may request all carriers to furnish such reasonable reports as the Commission determines to be necessary to enable it to carry out its functions under this Act. The carrier shall furnish such reports when requested and permit the Commission and representatives of the General Accounting Office to examine such records of the carriers as may be necessary to carry out the purposes of this Act.

(c) The Commission's regulations may include, but are not limited to, the following:

- (1) exclusions of retired employees from coverage;
- (2) beginning and ending dates of coverage, and conditions of eligibility;
- (3) methods of filing the elections required by section 7 of this Act and other information;
- (4) methods of making contributions authorized by section 6, and withholdings required by section 5 of this Act;
- (5) changes in enrollment;
- (6) questions of dependency;
- (7) certificates and other information to be furnished to retired employees;
- (8) contributions and withholding during periods of suspension of annuity payments and in other extraordinary situations;
- (9) when, and under what conditions, an election not to participate in the programs offered under this Act may be withdrawn; and
- (10) under what conditions and to what extent the cost of a plan shall be considered a cost attributable to the retired employee.

(d) Each agency of the United States or the District of Columbia which administers a retirement system for annuitants shall keep such records, make such certifications, and furnish the Commission with such information and reports as may be necessary to enable the Commission to carry out its functions under this Act.

(e) There are hereby authorized to be expended from the Employees Life Insurance Fund, without regard to limitations on expenditures from that Fund, for any fiscal years from the date of enactment through the fiscal year ending June 30, 1962, inclusive, such sums as may be necessary to pay administrative expenses incurred by the Commission in carrying out the health benefits provisions of this Act. Reimbursements to the Employees Life Insurance Fund for sums so expended, together with interest at a rate to be determined by the Secretary of the Treasury, shall be made from the Retired Employees Health Benefits Fund which is hereby made available for this purpose.

#### EXEMPTION OF CERTAIN EMPLOYEE ORGANIZATIONS

SEC. 10. Any employee organization under this Act or as defined in section 2(i) of the Federal Employees Health Benefits Act of 1959 (73 Stat. 710; 5 U.S.C. 3003(3)) shall be exempt from the provisions of the Fire and Casualty Act (54 Stat. 1063; D.C. Code 35-1301 and the following).

#### APPROPRIATIONS

SEC. 11. The amounts authorized by this Act to be contributed by the Government shall be paid from annual appropriations which are hereby authorized to be made for such purpose.

#### ANNUAL REPORT

SEC. 12. The Commission shall transmit to the Congress annually a report concerning the operation of this Act.

#### EFFECTIVE DATE

SEC. 13. The health benefits program provided for by this Act shall take effect July 1, 1961. The contributions and withhold-

ings provided for by this Act shall take effect on June 1, 1961, with respect to annuity or compensation accruing for periods beginning on and after that date.

The SPEAKER. Is a second demanded?

Mr. REES of Kansas. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. DAVIS of Georgia. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, this legislation will provide a health benefits program for 415,000 retired Government employees and survivor annuitants who are not eligible to enroll under the Federal Employees Health Benefits Act of 1959—Public Law 86-382—because they became annuitants before that act took effect in July of this year.

The committee amendment to the Senate-passed bill substitutes the language of Congressman LESINSKI's bill, H.R. 12495. It represents a compromise on which, in the judgment of the committee, there can be general agreement in the interest of assuring that there will be a health benefits program for former Government employees and their survivors who were on the retirement rolls prior to July 1, 1960.

The primary requirement for eligibility is that the individual must have been retired on an immediate annuity with 12 or more years of service or for disability. Survivor annuitants will be eligible if the persons from whom their annuities derive would have been eligible in their own right had they lived.

The committee amendment requires the Civil Service Commission to contract with a qualified carrier for a single, uniform, Government-wide health plan for retired employees and survivor annuitants. The carrier will reinsure with other qualified carriers if the Commission so directs. The committee amendment contains substantially the same conditions now stated in the Federal Employees Health Benefits Act of 1959 to insure that the contract represents the best possible bargain for the Government and for the beneficiaries.

The Government will contribute in an amount—fixed by the Civil Service Commission—which is not less than \$3 nor more than \$4 monthly for a person who enrolls for self alone. That amount will be doubled for a person who enrolls for self and family. This double contribution for family enrollment is particularly appropriate, since most retirees' families consist of two persons.

There would be withheld from the annuity or compensation of each enrollee the amount required to pay the premium for such enrollee after deducting the Government contribution.

An alternative plan is provided which will allow retirees to select a qualified commercial health plan other than the single Government-sponsored plan if desired. An eligible person would have the option of retaining an existing health plan or of enrolling in another plan. The Government contribution in this case will be paid directly to the individual as an increase in his or her annuity check.